

# Governor's FY 2024 Budget: Articles

Staff Presentation to the House Finance  
Committee  
March 2, 2023

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# Article 9 – Medical Assistance

- Hospitals
  - Hospital License Fee
  - Uncompensated Care Payments
  - State Directed Managed Care Payment
- Certified Community Behavioral Health Clinics - CCBHC
- Conflict-Free Case Management
- CEDAR Services

# Medicaid Overview

- Major part of state budget & economy
  - Approximately 1/3 of state residents receive some Medicaid funded services
  - Majority of costs on small % of population
- Federal requirements and limitations
  - Can expand programs through waivers
    - To cover populations & provide services through different pathways
    - RI Comprehensive Demonstration
- ACA - state expanded Medicaid to approximately 100,000 individuals

# EOHHS

- Principal agency to manage the 4 health and human service agencies
  - Behavioral Healthcare, Developmental Disabilities and Hospitals
  - Children, Youth and Families
  - Human Services
  - Health
- Medicaid funded programs in each of the agencies

# Governor's FY 2024 Budget by Department

Department	General Revenues	All Funds
EOHHS	\$1,313.1	\$3,710.1
BHDDH	291.9	607.3
Children, Youth & Families	218.4	340.5
Human Services	143.5	788.8
Health	34.4	256.2
<b>Total</b>	<b>\$2,001.3</b>	<b>\$5,702.8</b>
Total State Budget	\$5,302.8	\$13,751.1
<b>EOHHS Agencies % of Total</b>	<b>37.7%</b>	<b>41.5%</b>

\$ in millions

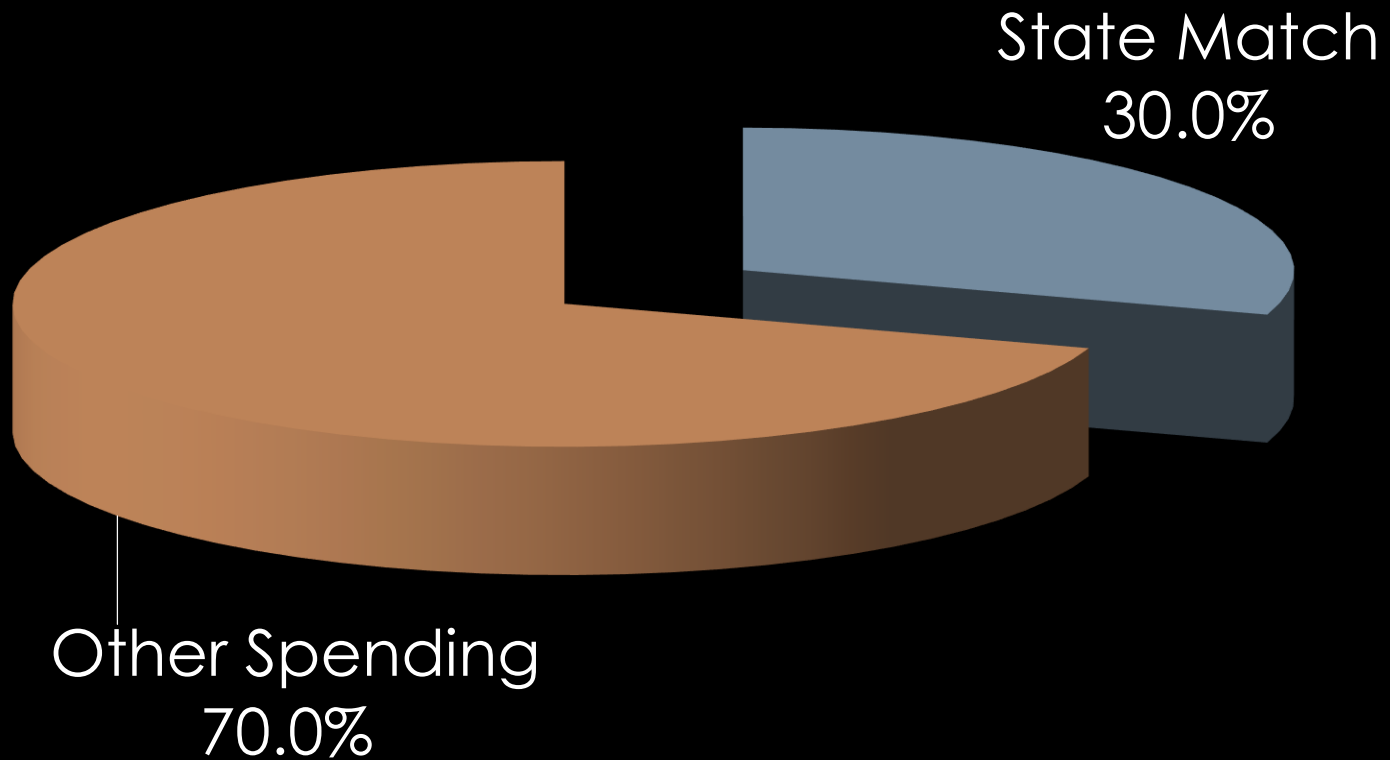
# Governor's FY 2024 Budget

## Medicaid by Department

Department	General Revenues	All Funds	% of Medicaid
EOHHS	\$1,302.8	\$3,687.4	85.1%
BHDDH	228.6	506.0	11.7%
DCYF	44.6	98.5	2.3%
Human Services	15.9	39.1	0.9%
Health	1.0	3.4	0.1%
<b>Medicaid Total</b>	<b>\$1,592.9</b>	<b>\$4,334.4</b>	<b>100%</b>
Total State Budget	\$5,302.8	\$13,751.1	
<b>Medicaid % of Total</b>	<b>30.0%</b>	<b>31.5%</b>	

\$ in millions

# Medicaid % of FY 2024 Budget - General Revenues



# Medicaid Programs

- EOHHS
  - Low income children and parents
  - Elderly/Disabled/Non-Disabled without dependent children
  - Medical benefits for those receiving community based services
    - Through BHDDH or DCYF
- BHDDH
  - Services to developmentally disabled adults
  - Patients at Eleanor Slater Hospital



# Medicaid Programs

- DCYF
  - Non-medical services for children
  - Residential and community based services
- DHS
  - Medical services administration
  - Office of Healthy Aging programs
- DOH
  - Inspections
  - Administrative expenses

# Caseload Estimating Conference

- House Fiscal, Senate Fiscal and State Budget Office staff estimate
  - Expenditures for medical benefits, cash assistance & programs for individuals with developmental disabilities in EOHHS, DHS & BHDDH
- Estimates based on current law only
- Convenes 2X a year November & May
  - November is starting point for the Governor's revised and recommended budgets
  - Enacted budget reflects May estimates

# Medical Assistance: CEC

Program – All Funds	FY 2023 Enacted	FY 2023 Governor	FY 2024 Nov CEC	FY 2024 Governor
Hospitals	\$214.3	\$207.4	\$199.0	\$365.4
Long Term Care	449.4	455.7	485.5	485.5
Managed Care	960.9	969.1	989.0	1,006.8
Expansion	860.4	863.2	811.3	811.3
RH Partners	318.3	305.6	321.9	324.6
RH Options	178.6	167.8	183.5	185.0
Pharmacy	87.4	78.6	91.9	91.9
Other Medical	160.5	165.2	174.9	191.3
<b>Total – All Funds</b>	<b>\$3,229.8</b>	<b>\$3,212.6</b>	<b>\$3,257.0</b>	<b>\$3,461.8</b>

\$ in millions

# Medical Assistance: CEC

Program – General Revenues	FY 2023 Enacted	FY 2023 Governor	FY 2024 Nov CEC	FY 2024 Governor
Hospitals	\$86.2	\$83.3	\$89.2	\$126.0
Long Term Care	199.0	187.6	219.7	219.7
Managed Care	407.9	379.8	429.4	435.4
Expansion	90.6	93.3	87.5	87.5
RH Partners	142.0	126.8	146.8	147.9
RH Options	79.1	69.1	83.0	83.6
Pharmacy	87.3	78.6	91.9	91.9
Other Medical	55.3	54.7	66.8	74.3
<b>Total – General Revenues</b>	<b>\$1,147.4</b>	<b>\$1,073.1</b>	<b>\$1,214.3</b>	<b>\$1,266.3</b>

\$ in millions

# Medical Assistance

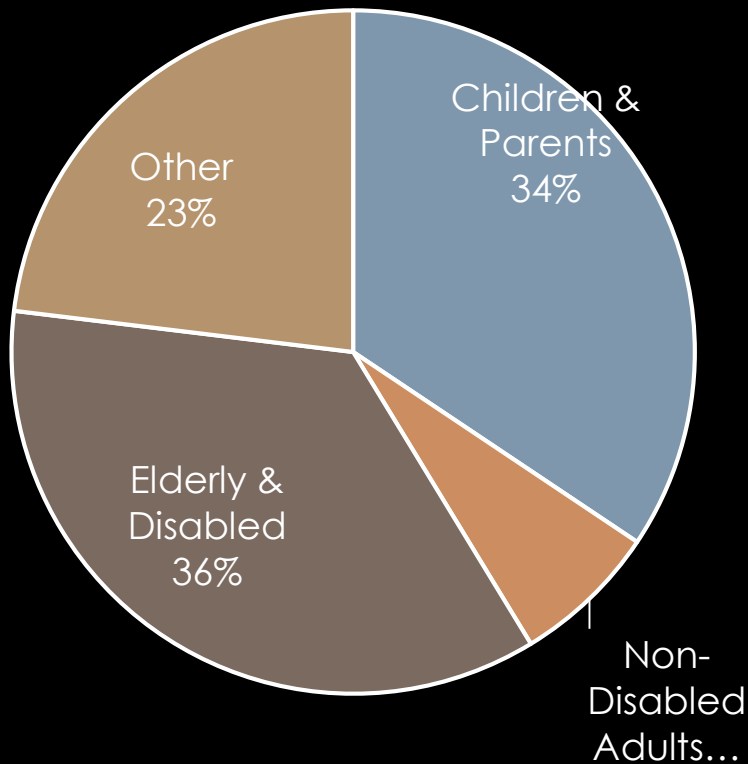
- Governor's changes in Article 9
  - Statutory – change to state law
    - Sections 1 through 4
  - Medicaid Resolution
    - Section 5
    - Requires Assembly approval to seek changes to the Medicaid waiver
  - Some changes require both

# Resolution - Medicaid Waiver

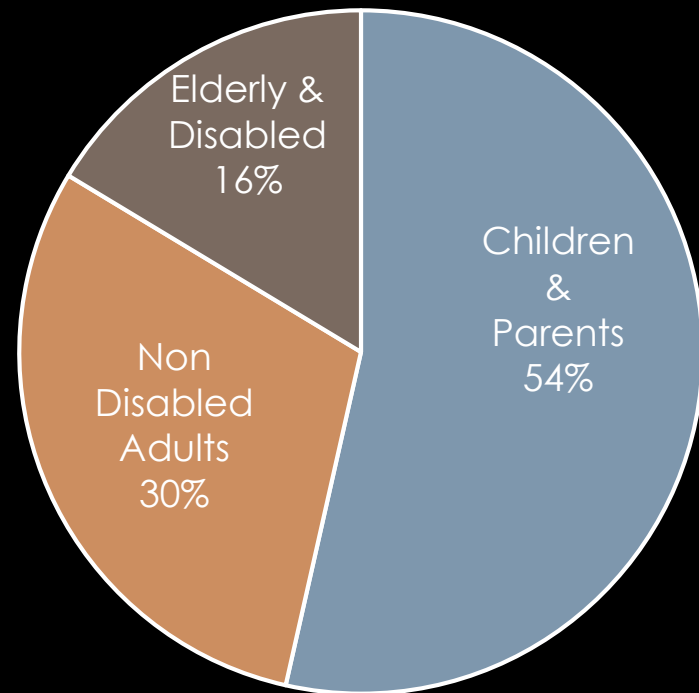
January 1, 2019 to December 31, 2023			
Prior Category	Change	Approval	Example
I	Administrative	Notify CMS	General operating procedures, prior authorization change
II	Payments and optional benefits	Assembly/ State Plan Amendment	Rate or payment change & adding benefits
III	Eligibility/ New Benefit	Assembly & CMS	Lowering Rlte Care threshold for parents

# FY 2024 Governor's Budget: EOHHS by Population

**PROGRAM EXPENSES:  
GENERAL REVENUES**



**ENROLLMENT**



# Medical Assistance

- Hospitals
  - Hospital License Fee
  - Uncompensated Care Payments
  - State Directed Managed Care Payment
- Certified Community Behavioral Health Clinics - CCBHC
- Conflict-Free Case Management
- CEDAR Services



# Hospitals

Lifespan	Care New England	CharterCARE
RI Hospital	Kent	Our Lady of Fatima
Miriam	Butler	
Newport	Women & Infants	Roger Williams Medical Center
Bradley		

Others
Westerly Hospital – Yale New Haven Health
Landmark & Rehab Hospital of RI – Prime Health
South County – Independent

# Hospitals

- State payments through the Medicaid program totaled \$818.8 million in FY 2021
  - According to the Medicaid annual report
    - Managed care plans
    - Fee-for service payments
    - Supplemental Payments
    - Uncompensated Care Payments
- Total HFY2021 revenues of \$3,357.2 million
  - Used for FY 2023 license fee
  - Medicaid approx. 25% of total revenues

# Hospital Licensing Fee

- Adopted annually – except 2019
  - Rate differs each year –
    - Federal max is 6%
  - FY 2023 – rate of 5.42% on 2021 revenues
    - South County & Westerly pay 37% less
      - Two tier structure In effect since FY 2013 not allowed for FY 2024 and beyond
  - Payment of \$179.1 million
    - \$176.3 million for hospitals
    - \$2.8 million for Eleanor Slater

# Hospital Licensing Fee

Hospital License Fee	FY 2023 Enacted
Base Year	2021
Tax Rate	5.42%
Hospital Revenue	\$3,357.2
Community Hospital License Fee	\$182.0
Washington County Waiver	(5.6)
<b>Community Hospitals Total</b>	<b>\$176.3</b>
Eleanor Slater Revenue	5.1
Eleanor Slater License Fee	\$2.8
<b>Total</b>	<b>\$179.1</b>

\$ in millions

# Hospital Licensing Fee

- Two-tiered fee approved for FY 2023
  - Spring 2022 agreement with CMS
  - New structure required for FY 2024
- Prior Assembly benefit changes delayed pending CMS license fee review
  - Rate Increases
  - New Programs – doulas
- Agreement allowed for approvals to proceed

# Hospital Licensing Fee

- Section 1 - new rate structure based on tiers
  - Separate rates for inpatient and outpatient services
  - Average equates to 6% maximum allowed

Tier	Definition	IP	OP	Hospitals
I	Not Tier II or Tier III	13.54%	13.73%	Bradley, Butler, Kent, Newport & Miriam
II	Acute Care w/high Medicaid /Uninsured. Not part of system	2.71%	2.75%	Women & Infants, Roger Williams, RI, Fatima, Landmark, & South County
III	Medicare designated "low volume"	1.35%	1.37%	Westerly & Rehab Hospital of RI

# Hospital Licensing Fee

- Section 1 also establishes a distinct rate for state owned hospitals

	FY 2024 Governor
Base Year	2022*
Average Tax Rate	6.0%*
Community Hospitals	\$214.4
Eleanor Slater (5.42%)	2.8
<b>Total</b>	<b>\$217.2</b>
<b>Change to Enacted</b>	<b>\$38.1</b>

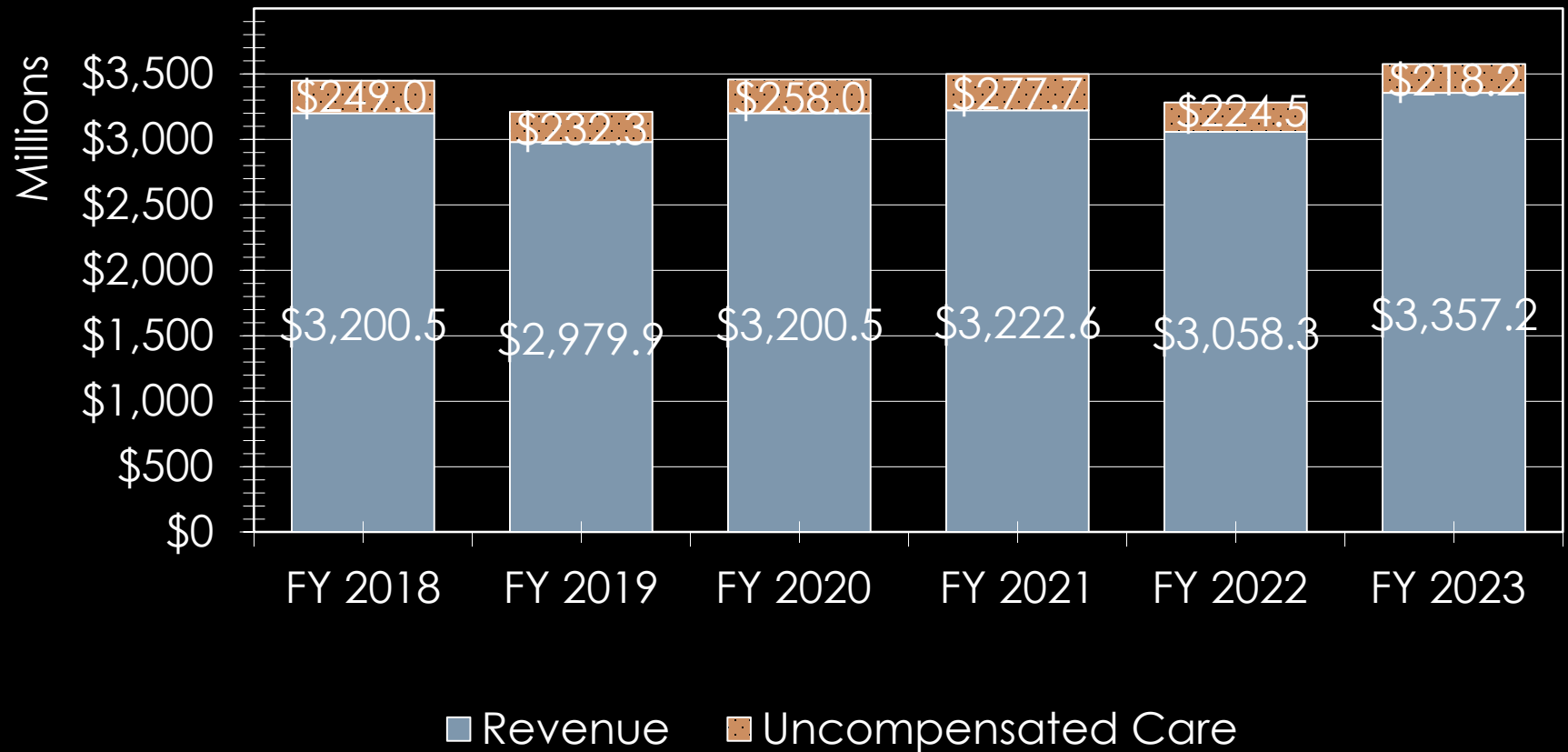
\$ in millions \*ESH revenue total not updated to 2022

# Uncompensated Care Payments

- Payment for Uncompensated Care
  - Also called Disproportionate Share payments (DSH)
  - Made to hospitals serving a high volume of Medicaid or low-income patients
- Hospital costs minus payments
  - Can include “underinsured” or “uninsured”
  - Includes cases where Medicaid payments do not cover actual cost



# Hospitals



# Uncompensated Care Payments

- Federal formula determines allocation
  - States match with general revenues
- Affordable Care Act – phased in a lower federal allotment to states
  - Originally to be based on # of uninsured individuals in a state beginning with FY 2014
  - Reductions repeatedly delayed
- Last delayed to December 11, 2023
  - Significant reductions pending

# Uncompensated Care Payments

- RI's 2022 federal allotment is \$88.6M
  - Covered approx. 75% of UCC
  - FY 2023 budget includes \$145.1 million
    - \$57.8 million from general revenue match
- Expected 2023 allotment is \$8.4 million, matched by general revenues
  - Budget assumes total \$14.7 million payment for FY 2024
    - \$8.1 million from general revenues
  - \$130.3 million less than FY 2023

# State Directed Managed Care Payment

- Medicaid Resolution - Section 5
  - Authorizes a new state directed managed care payment model
    - Close gap in Medicaid vs commercial payments
    - State would require managed care organizations to make quarterly payments to the hospitals
      - Methodology approved by CMS
  - Budget includes \$288.0 million for payments
    - \$91.5 million from general revenues
    - Also includes \$0.4 million for implementation

# State Directed Managed Care Payment

- New methodology based on Medicaid managed care payment shortfall to commercial rates

Hospital Location	In/Out Patient	Medicaid MC Payments	Commercial Rate (Avg) vs Medicaid MC	Gap to Commercial Equivalent
Providence & N. Prov.	IP	\$179.3	220%	\$216.1
	OP	105.3	233%	140.5
<b>Subtotal</b>		<b>\$285.0</b>		<b>\$356.6</b>
All Others	IP	\$204.3	137%	\$75.9
	OP	61.3	188%	55.0
<b>Subtotal</b>		<b>\$265.7</b>		<b>\$130.9</b>
<b>Total</b>		<b>\$550.7</b>		<b>\$487.4</b>

\$ in millions base year 2021 for estimate

# State Directed Managed Care Payment

- State will apply reduction factors to inpatient & outpatient services
  - Governor's recommendation includes \$288.0 million in additional payments

Services	Gap to 100% Commercial	Adjustment	State Directed Payment
Inpatient	\$356.6	48.7%	\$173.8
Outpatient	130.9	87.3%	114.2
<b>Total</b>	<b>\$487.4</b>	<b>59.1%</b>	<b>\$288.0</b>

\$ in millions

# Hospitals

	<b>FY 2023 Enacted</b>	<b>FY 2024 Governor</b>	<b>Change to Enacted</b>
DSH	\$145.1	\$14.7	\$(130.3)
UPL Payments	29.4	23.4	(6.1)
State Directed Payment	-	288.0	288.0
<b>Total</b>	<b>\$174.5</b>	<b>326.1</b>	<b>\$151.6</b>
<b><i>General Revenues</i></b>	<b>\$66.0</b>	<b>\$106.9</b>	<b>\$40.9</b>

\$ in millions

# Hospitals

Hospitals - Change to Enacted	GR	All
Hospital Directed Payment	\$ 91.5	\$288.0
Uncompensated Care Payment	(49.8)	(130.3)
Supplemental Payments	(0.8)	(6.1)
Hospital License Fee Increase	(38.1)	(38.1)
<b>Total</b>	<b>\$2.8</b>	<b>\$113.5</b>

\$ in millions



# Medical Assistance

- Hospitals
  - Hospital License Fee
  - Uncompensated Care Payments
  - State Directed Managed Care Payment
- Certified Community Behavioral Health Clinics - CCBHC
- Conflict-Free Case Management
- CEDAR Services

# Certified Community Behavioral Health Clinics

- CCBHC created by federal Protecting Access to Medicare Act of 2014 (PAMA)
  - Must meet specific criteria:
    - Staffing & organizational authority
    - Availability & accessibility of services
    - Care coordination & scope of services
    - Quality and other reporting
  - Medicaid demonstration grants to 8 states
    - RI used \$1.0 million from a planning grant to apply
      - Did not receive the grant

# Certified Community Behavioral Health Clinics

- SAMHSA offered competitive CCBHC expansion grants
  - Earned certification through this process
    - RI has 6 – 5 are community mental health centers
      - Community Care Alliance (CMHC)
      - East Bay Community Action (CMHC)
      - Newport County Community Mental Health Ctr. (CMHC)
      - Thrive Behavioral Health (CMHC)
      - Gateway (CMHC)
      - Family Service of RI
  - These grants did not flow through the state

# Certified Community Behavioral Health Clinics

- Grants totaled \$24 million
  - \$4.0 million awards
    - \$2.0 million each year over 2 years
  - Newport received 2 awards
  - Started in federal FY 2018
  - Ending in federal FY 2022 – September 2022
    - State fiscal year FY 2023
- Another round of federal funding?

# Community Mental Health Centers

- 6 Community Mental Health Centers
  - Most have multiple locations
  - Licensed by BHDDH
  - Providing services to about 40,000 individuals
  - Centers receive block grants funds through BHDDH & Medicaid through EOHHS
- 2 other entities provide similar services
  - Riverwood Mental Health Services
  - Fellowship Health Resources

# Community Mental Health Centers

Provider	Municipality Served
Community Care Alliance (CCBHC)	Burrillville/Cumberland/Lincoln, North Smithfield & Woonsocket
East Bay Comm. Action (CCBHC)	E. Providence/ Barrington/Warren & Bristol
Thrive Behavioral Health (CCBHC)	Coventry/Warwick/W. Warwick/ E. Greenwich/W. Greenwich
Newport (CCBHC)	Jamestown/Little Compton/Middletown/Newport/Portsmouth & Tiverton
The Providence Center	Providence

# Community Mental Health Centers

<b>Provider: Gateway</b>	<b>Municipality Served</b>
Johnston	Cranston/Foster/Johnston/North Providence/Scituate/Smithfield
Pawtucket	Pawtucket & Central Falls
Charlestown	Block Island/Charlestown/Exeter/Hopkinton/ Narragansett/North Kingstown/South Kingstown/Richmond & Westerly

# Certified Community Behavioral Health Clinics

- Clinics must provide specific services under federal legislation
  - Not every service is Medicaid eligible
    - Example, 24 hr emergency services crisis response
- CMHC reimbursed by:
  - Medicaid program
    - Managed care plans
    - Fee-for-service
    - Accountable Entities
  - BHDDH federal grants



# Certified Community Behavioral Health Clinics

Required Services	
Crisis mental services including 24-hour mobile crisis teams & crisis stabilization coordination	Targeted case management
Screening assessment & diagnosis, including risk management	Psychiatric rehabilitation services
Patient-treatment planning w/in least restrictive & appropriate setting	Peer support, counseling & family support services
Outpatient mental health & substance abuse services	Inter-system coordination & connections (other providers, criminal justice system, foster care, child welfare)
Primary care screening & monitoring	

# Certified Community Behavioral Health Clinics

- FY 2023 budget required federal model implementation by July 1, 2023
  - Included interim benchmarks
    - April 1 and Dec 1, 2022 & Jan. 15, 2023
- Assembly also added \$30.0 million - ARPA
  - Support establishment
- Section 4 eliminates Dec & Jan deadlines & delays model to February 1, 2024
  - Governor includes \$21.7 million (\$6.9M GR)
    - Covers 5 months of FY 2024

# Certified Community Behavioral Health Clinics

- FY 2024 budget includes new administrative expenses
  - \$0.1 million for a new finance position
    - Oversee cost reports, rate setting & payment and reconciliation process
  - \$0.5 million for three new contractors
  - State and Medicaid funds
- In addition to the position included in the enacted budget

# Certified Community Behavioral Health Clinics

Benchmark	Date By	Section 4
Work with Division of Purchasing for appropriate process to use for organizations that want to participate	Aug. 1, 2022	No Change - Complete
Organizations submit cost reports developed by BHDDH to EOHHS that includes required services	Dec. 1, 2022	Eliminates- In progress
BHDDH, w/EOHHS, prepares analysis of proposals & determines the organizations that can be certified w/ the cost for each one	Jan. 1, 2023	
CCHBC clinics established by	July 1, 2023	Feb. 1, 2024

# Certified Community Behavioral Health Clinics

- Governor maintains ARPA \$30M in FY 2023
  - EOHHS request delays \$20.2 million to FY 2024
    - Not recommended
  - Infrastructure grants would prepare providers to transition to federally-designed payment model or leverage other federal funding
  - Ongoing maintenance & operations would be responsibility of providers

# Certified Community Behavioral Health Clinics

- 2 sets of grant awards
  - CCBHC Infrastructure Grant Program
  - Designated Collaborating Organization (DCO) Infrastructure Grant Program
- \$2.5 million spent thru January
  - Estimates spending \$9.8 million for FY 2023
    - Including technical Asst & program development
- Remaining \$20.2 million
  - Grants (CCBHC/DCO) - \$18.0 million
  - Administration & Tech Assistance - \$2.2 million

# Certified Community Behavioral Health Clinics

CCBHC Infrastructure Grants - Provider	Award
Gateway	\$900,000
Amos House	300,000
Community Care Alliance	300,000
East Bay Community Action Program	300,000
Family Service of RI	300,000
Newport Mental Health	300,000
The Providence Center	300,000
Thrive Behavioral Health	300,000
<b>Total</b>	<b>\$3,000,000</b>

# Certified Community Behavioral Health Clinics

## DCO Infrastructure Grants - Provider

CODAC	\$120,000	Project Weber Review	\$30,000 each
Tides Family Services	90,000	Prov. Community Health Center	
Child & Family	60,000	Trinity Health Living	
Adoption RI	\$30,000 each	VICTA	
CareLink		Women's Resource Ctr. of Newport & Bristol Counties	
Center for Southeast Asians			
Children's Friend			
Progreso Latino			
		Total	\$570,000



# Certified Community Behavioral Health Clinics

Program Development		Award
Gainwell Technologies	Technical Implementation	\$0.4
Guidesoft (Knowledge Services)	BHDDH Certification/ Billing Specialists	0.4
Faulkner Consulting	Grant Application	0.2
	Mobile Crisis Program Dev.	0.2
	Budget Sustainability Plan	0.2
	Implementation Support	0.1
<b>Total</b>		<b>\$1.4</b>

\$ in millions

# Certified Community Behavioral Health Clinics

Technical Assistance		Award
Milliman	Cost Report Analysis and Rate Assistance	\$0.5
Pending Purchase Order to Vendor	Provider Assistance: Training/other activities	0.9
TBD	Technical assistance and program development	0.2
<b>Total</b>		<b>\$1.6</b>

\$ in millions

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# Conflict-Free Case Management

- Section 3 - Directs EOHHS to establish a conflict-free case management system statewide by Jan. 1, 2024
  - For individuals receiving home & community based services through the Medicaid waiver
  - Case management and person-centered planning services to be separate from the agency providing the direct service
    - To avoid a conflict of interest

# Conflict-Free Case Management

- Federal requirement
  - Compliance deadline originally 2014
    - Later extended to 2016
  - New deadline is March 2023
    - States must at least have a plan by this date
    - RI Plan submitted in February

# Conflict-Free Case Management

- Services to cover about 12,000 individuals through
  - EOHHS
  - BHDDH
  - Office of Healthy Aging (OHA)
- 11 different rates
  - Range from \$60 to 227
  - Case & targeted case management/support coordination and facilitation
- Plan is for one program in EOHHS

# Conflict-Free Case Management

Category	Current Program	Article 9
# of Service Rates	Elders & Adults w/Disabilities *: 3 Rates w/Develop Disabilities: 8 rates	1 rate
Services	Case Mgt/Targeted CM/Support Coordination & Facilitation	CFCM
Units of Measure	15 minutes or monthly	Monthly
Rates	\$60 - \$227	\$170.87*

*If approved by Assembly & CMS*

# Conflict-Free Case Management

- Monthly rate - \$170.87
  - Consultant did not use existing rates
  - Instead considered:
    - Case manager and supervisor salaries from Bureau of Labor Statistics
    - Supervisor ratio of 10:1
    - Travel
    - Case manager caseloads of 48
    - Administrative and program support costs
    - Inflationary factor of 14.27%



# Conflict-Free Case Management

- Proposal totals \$15.1 million
  - \$6.8 million from general revenues

	# of persons	Starts	General Revenues	Total
I/DD population	4,330	July 1, 2023	\$4.1	\$9.1
EAD population	7,638	Jan. 1, 2024	2.6	5.9
<b>Total</b>	<b>11,968</b>		<b>\$6.8</b>	<b>\$15.1</b>
FY 2023 Enacted Budget – EOHHS			\$0.3	\$0.7
Governor's Recommendation - EOHHS			\$6.5	\$14.4
Governor's Recommendation – OHA			(0.2)	(0.3)
Net Change			\$6.3	\$14.1

\$ in millions

# Conflict-Free Case Management

- Assumes workaround for CFCM initiative for the I/DD population
  - Responsive to consent decree activity and requirement for July 1 start for that group
- Budget does not shift funding from BHDDH for centralized system
  - Results in net add for case mgt. services for adults with developmental disabilities
    - Appears to assume non-conflict free case management expenses will continue
      - Unclear if this poses Medicaid compliance issue

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# CEDAR Services

- Medicaid Resolution - Section 5
  - Approval to change the rate structure for the state's two CEDAR Family Centers
  - Operated by Rhode Island Parent Information Network (RIPIN) & Lifespan
    - Includes increased payments and services
    - Budget totals \$1.8 million
      - Increases by \$1.2 million
      - Medicaid matched by general revenues

# CEDAR Services

- Services provided to Medicaid eligible children under 21
  - Family-centered intensive care management to about 500 children
    - Assessment of needs
    - Referral Services
    - Care Coordination
- Unclear how these will be integrated with CFCM centralized system and federal requirements

# CEDAR Services

- In May 2022, the state entered into a federal DOJ settlement to address availability of home and community based services for this population
- Proposal addresses issues raised
  - Increase rates & reimburse for new services
    - Bring annual payment to \$1,690 from \$1,200
  - Expand outreach to identify families that need services
    - Double caseload from 540 to 1,080

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